

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7293

BILL NUMBER: SB 468

DATE PREPARED: Jan 7, 2002

BILL AMENDED:

SUBJECT: Property Tax Replacement Credits.

FISCAL ANALYST: Bob Sigalow

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FUNDS AFFECTED: **GENERAL
DEDICATED
FEDERAL**

IMPACT: No Fiscal Impact

Summary of Legislation: This bill applies the Property Tax Replacement Credit (PTRC) against the school general fund levy instead of against the total county tax levy. The bill makes conforming amendments.

Effective Date: July 1, 2002.

Explanation of State Expenditures: There would be no change in the total amount that the state pays for PTRC under this bill.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: PTRC is equal to 20% of most operating fund levies. Under current law, the credit is applied to property tax bills to reduce the aggregate gross tax amount. Under this bill, the entire credit would be first applied to reduce school general fund taxes. Then, if there is any unused credit, it would be used to reduce the aggregate levy. The computation of the total credit amount would not change. In all, the taxpayer's net property tax bill would remain unchanged, as would local civil unit and school unit total funding.

In 2001, school general fund net budget property tax levies were equal to \$1.33 B, and all other net levies were equal to \$3.72 B. Under the proposal, school general fund net budget property tax levies would have been \$800.0 M, and all other net levies would have equaled \$4.25 B. In both cases, the total net levy for all units and funds is \$5.05 B.

State Agencies Affected: Department of Local Government Finance (State Tax Board).

Local Agencies Affected: County auditors.

Information Sources: Local Government Database.